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HOMEOWNERS ASSISTANCE PROGRAM HAP

~ One Corps Serving The Army and The
Nation ~

September

GREETINGS

- COL John R. Minahan, EN SWF District Commander
- Hyla J. Head, Chief, Real Estate Division
- Cathy Moss, Chief, Acquisition Branch
- Real Estate Division
- Jean P. Dillon, HAP Program Manager
- Richard Adamson, Lead Realty Specialist, HAP Disposal/Resale Manager
- Randy Roberts, Review Appraiser



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HAP



STAFFING AND
RESPONSIBILITIES

- Chief, Real Estate Division
- Chief, Acquisition Branch
- Program Manager
- Acquisition Branch
- Technical Resources Branch
- Management and Disposal
Branch
- Office of Counsel

Team Effort

Military Commanders
Installation Housing
Officials
U.S. Army Corps of
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BRAC Timeline

- May 13, 2005 BRAC recommendations were accepted by the President.
- With minor changes.



Fort Worth District HAP Areas of Responsibility

- Arkansas
- Colorado
- Iowa
- Kansas
- Louisiana
- Michigan
- Minnesota
- Missouri
- Nebraska
- New Mexico
- North & South Dakota
- Oklahoma
- Texas
- Wisconsin
- Wyoming



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HAP Program Administration

- Army
- Navy
- Air Force
- Marines
- Coast Guard
- Civil Service Employees
- NAFI



UPON ANNOUNCEMENT, THE DISTRICT TAKES THE FOLLOWING ACTIONS:

- Prepares a Potential Impact Report and submits to Headquarters, Army Corps of Engineers
- Monitors the local market for changes
- Coordinates information exchange with base personnel
- Completes Market Impact Study (including appraisals of homes) and submits to Headquarters, Army Corps of Engineers with recommendations

HAP

Execution Plans for FY05 BRAC

- Continue to gather market information and information on installations and surrounding communities.
- Contact installations for housing POC's and Commands

The Law

- Authorized by Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended
- Benefits Program
 - Eligible Individuals
 - Installation Closure or Realignment



PUBLIC LAW 89-754

- Law authorizes assistance to:
- Military, civilian federal, and non-appropriated fund (NAF) employee homeowners to reduce losses incident to sale of their homes caused by closure or reduction in operations of military base where they are employed.
- Otherwise eligible military or civilian federal employee homeowners living at or near base even though not assigned to that base.
- Civilian federal employees serving overseas who are homeowners and entitled
- To reemployment at or in connection with the base ordered to be closed.



HAP APPROVAL

FOR APPROVAL OF HAP, THE
FOLLOWING CONDITIONS MUST
EXIST:

- A decline in market values of 5% or more
- Lack of a market for sale of a home upon reasonable terms and conditions
- Causal relationship between lack of market and closure/reduction announcement
- * Approval or denial decision is made by the Deputy Assistant Secretary of the Army for Installations and Housing



What is HAP?

HAP is a special relief program designed to provide financial assistance to eligible employee homeowners when the real estate market is so adversely affected by closure or partial closure of a military installation, or reduction in scope of operations, that the personnel are unable to dispose of their dwellings under reasonable terms and conditions.



ELIGIBILITY

- a. Applicant must have been a service member or non-temporary Federal employee and the owner-occupant of a dwelling located at or near the installation at the time of the public announcement, OR transferred overseas within 3 years of the public announcement.
- b. Or must have been a non-appropriated fund (NAF) employee at or in connection with the installation OR must have been a civilian employee serving overseas who is entitled to reemployment at or in connection with the installation.
- c. If otherwise eligible, applicant must transfer, elect not to re-enlist, have employment terminated, voluntarily resign from a position which was or will be abolished or elect to retire. (Military service member).

ELIGIBILITY

- d. If otherwise eligible, applicant must actually relocate beyond normal commuting distance from the owner-occupied dwelling before benefits can be paid.
- e. Applicants must hold fee simple title or have a contract to purchase in fee simple a qualifying residential dwelling, unless the dwelling is part of a cooperative association. Members of the Armed Forces or Federal civilian employees may be considered owners of property without regard to the technical form or description by which an ownership interest is evidenced: provided, that, consistent with local practices and procedures, the applicant can be shown substantially to have the rights and duties of a person with an ownership interest in the property, e.g., depending on the relevant circumstances an applicant who holds title to a long-term ground lease rather than to the fee.



- Private Sale
- Government Acquisition
- Private Sale Augmentation
- Foreclosure

Private Sale

An eligible applicant may be reimbursed an amount not to exceed the difference between 95% of the appraised value of the property on the announcement date and appraised fair market value at the time of the sale or sales price, whichever is greater.

PS Above Appraisal

Prior Fair Market Value (PFMV) \$100,000

X .

95

95% of PFMV \$ 95,000

Actual Sale Price \$

90,000

Appraised Date of Sale FMV \$ 80,000

Payable to Applicant \$ 5,000

PS Below Appraisal

Prior Fair Market Value (PFMV)	\$100,000
	x .95
95% of PFMV	\$ 95,000
Actual Sale Price	\$ 70,000
Appraised Date of Sale FMV	\$ 80,000
Payable to Applicant	\$ 15,000

Must be an arms length transaction



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Private Sale Augmentation

Private Sale Augmentation Benefit is the same as a Private Sale Benefit but is paid to you up front at the close of escrow to assist you by supplementing the amount of funds you have available to complete your sale.



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Government Acquisition

In those cases where a Private Sale on reasonable terms and conditions is not possible, the Government will purchase the property for 75% of its prior fair market value, or for the amount of the outstanding mortgage, whichever is higher.



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Government Acquisition

Note:

The Government will only pay off mortgages which existed at the time of the announcement. Refinanced mortgages will be acceptable if, at the time of government acquisition, the principal balance does not exceed the mortgage balance of the superseded mortgage at the time of the announcement.



Government Acquisition

Prior Fair Market Value (PFMV)	\$80,000
	x .75
75% of PFMV	\$60,000
Outstanding Mortgage Balance	\$55,000
Government pays this balance	
Equity payment to Applicant	\$ 5,000
Current Fair Market Value	\$ 65,000
Amount Government Paid	\$ 60,000



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Government Acquisition

Fair Market Value (FMV)	\$80,000
as of announcement date	x.75
75% of FMV	\$ 60,000
Outstanding mortgage balance	\$75,000
Government pays this balance	
Current Fair Market Value	\$ 65,000
Amount Government Paid	\$ 75,000



Government Acquisition

Reimbursement of:

- Mortgage Interest
- Taxes
- Hazard Insurance
- Rent received by the applicant during this reimbursement period will be deducted from the reimbursed amount

Paid From: (whichever is later)

- The date of vacancy
- Date complete application received
- Date of Program approval



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FORECLOSURE

If lenders have foreclosed on the property **AFTER THE ANNOUNCEMENT**, you may be reimbursed for the amounts owed or paid as a result of the foreclosure (includes VA compromises)

Foreclosures

This payment may include:

- Direct cost of judicial foreclosure
- Expenses and liabilities enforceable according to the terms of the mortgage
- Debts established against you by a Federal Agency for loans made, guaranteed or insured following liquidation of the security for such loans



The Government will not be able to acquire your home until the following items are cleared or cured:

- Litigation encumbering the property
- Liens (Judgments, child support payments, tax defaults)
- Damages due to gross negligence
- Major structural problems affecting marketability
- Existence of environmental hazards/toxic wastes
- (paint, oil, tires, solvents, pesticides, car parts)



Homeowners Assistance Program (HAP) Approval

- Market Impact Study

Formal Approval

- Deputy Assistant Secretary of the Army
(Installations and Housing)
- Specific Boundary



TAXES

President Bush signed into law the Military Family Relief Act of 2003 on 11 November 2003. Payments made under HAP after November 11, 2003 are excluded from income. The excludable amount cannot be more than 95% of the fair market value of the property. Any part of the payment that is more than this limit is included in income.

REMINDERS

- Keep Mortgage payments current
- Keep us and the Housing Office advised of current address/phone number/email address
- Provide us with a permanent POC
- Watch military/national media for info



Applying For Benefits

- DD Form 1607, Application for Homeowners Assistance: Part of this form requires completion by your Personnel Office. We need two copies but all signatures must be original.
- Real Estate Disclosure Statement (two copies).
- One copy of your Warranty Deed (signed and recorded copy) evidencing your ownership of the property for which you seek assistance. It would also be helpful for you to include a copy of your survey and appraisal report.
- Letter or receipts from your utility company indicating that you occupied your house on the date of the announcement or at time of transfer, within six months prior to the announcement as described above (one copy).
- Transfer order, retirement order, separation letter or other evidence of your relocation (one copy).
- A signed and dated statement describing your efforts to sell your house, the approximate dates the property was on the market and any offers you received. You should attach a copy of your agreement with your real estate agent or copies of newspaper ads you placed yourself (one copy).

Sale to Another Party

- Copy of the signed and recorded Warranty Deed transferring your property to the purchaser.
- Signed closing or settlement statement.
- Release of liability. SPECIAL NOTICE: If your mortgage is VA-guaranteed or FHA-insured and you sell your house through an assumption of your existing loan, it is recommended that your sales contract be contingent on the buyer being accepted as the substitute mortgagor by the FHA OR VA and that you be released from liability. If your purchaser is not acceptable to VA or FHA, you will not receive any benefits from HAP until your purchaser is accepted and a release of liability issued to you.

Special Notice Clauses

Listing Agreement

~~Make sure~~ **Clause** Make sure the listing agreement contains the following clause:

“ The Sellers shall have the right to sell the property to the United States of America under the Homeowners Assistance Program, pursuant to P.L. 89-754, at any time, and in such event, the listing agreement shall be null and void and of no legal effect. In addition, if the United States of America purchases the property under the Homeowners Assistance Program, no commission will be due to the real estate agent.”

Special Notice Clauses

Lease Termination

Clause
Make certain the listing agreement contains the following clause:

"If the leased premises is approved for purchase by the United States of America under the Homeowners Assistance Program, pursuant to P. L. 89-754, the Lessor shall have the right to terminate this lease by providing to the Lessee either a 30 or 60-day written notice to vacate the premises."



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CONTACT INFORMATION



U S ARMY CORPS OF ENGINEERS
FORT WORTH DISTRICT
819 Taylor Street/P. O. Box 17300
Attn: Real Estate Room 2B03
Fort Worth, TX 76102-0300

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1-888-231-7751

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Information Sources

- www.swf.usace.army.mil
- **Army Times**
- **Navy Times**
- **Air Force Times**
- **Marine Corps Times**
- **Federal Times**
- City, State, Local Government links to the HAP website
- Various outside agencies and financial institutions
- Newspaper press release and media exposure



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BE PATIENT!

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September